



State of Utah

**Department of
Natural Resources**

MICHAEL R. STYLER
Executive Director

**Division of
Oil, Gas & Mining**

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

February 24, 2006

CERTIFIED RETURN RECEIPT
7002 0510 0003 8603 2373

Robert Steele
1055 North 400 East
Nephi, Utah 84648

Subject: Five-Year Review of Reclamation Surety Estimate, Robert Steel & Tony Peck, Nephi Gypsum Quarry, M/023/011, Juab County, Utah

Dear Mr. Steele:

Thank you for providing the information requested for the five-year review of the Nephi Gypsum Quarry. The Division finds based on the information that the only changes required for the reclamation cost estimate is a five-year escalation. The surety escalated to the year 2011 is \$33,000. A Surety Estimate Update is attached for your use. Please provide the updated surety within 60 days or no later than April 14, 2006.

Please contact Beth Ericksen at (801) 538-5318 (BethEricksen@utah.gov) to obtain the current bonding forms and information to amend the reclamation contract. Current bonding forms and information are also found on the Division's web page at <http://ogm.utah.gov/minerals/>. Please fax a "draft" copy of the documents to (801) 359-3940 for review prior to finalizing the surety.

If you are unable to provide the surety within this timeframe, please contact the Division with justification for requesting additional time. Thank you for your help in keeping the surety current. If you have any questions concerning this letter, please contact Doug Jensen at (801) 538-5382.

Sincerely,

Susan M. White
Mining Program Coordinator
Minerals Regulatory Program

SMW:jb

Attachment: Surety estimate update

cc: Doug Jensen, DOGM

Beth Ericksen, DOGM

P:\GROUPS\MINERALS\WP\M023-Juab\M0230011-NephiGypsum\final\02172006bond-escal.doc

SURETY ESTIMATE UPDATE

Robert Steele & Tony Peck

17-Feb-06

Nephi Gypsum Quarry

FILE # M/023/011

Juab County

Prepared by Utah Division of Oil, Gas & Mining

Last Update

DATE

6-Jun-00

DESCRIPTION:

-Previous reclamation surety estimate was \$32,500 in year 2000 dollars

-Reclamation Estimate base amount calculated in 2000-\$

-This update adjusts the surety amount for escalation only.

-Acreage based on Division 6/6/00 measurements of map from aerial photo of 4/30/97

-Top & lower highwalls to remain as is, unless unstable(variance), broadcast seed onto highwall areas.

-Access road to top quarry levels to be contoured & broadcast seeded.

-Top quarry floor to be ripped and seeded.

-East end access road to dam to remain for POST MINE USE, approximately 15 ft wide X 950 ft.

-Old fines stockpile regraded to 3h:1v slopes; create barriers to prevent access, apply composted manure; rip & broadcast seed.

-Lower quarry floor; create barriers to prevent access to the bottom of the highwall and slide area; apply composted manure; rip & broadcast seed.

-Remove crushing and processing equipment; break up & bury concrete; apply composted manure; rip entire area & broadcast seed.

-Regrade gypsum stockpile bench to 3h:1v; 550 ft X 25 ft high; create barriers to prevent access.

-Stockpile pad area; create barriers to prevent access; apply composted manure; rip & broadcast seed

-Gypsum stockpile building; dismantle; remove all debris; apply composted manure; rip & broadcast seed.

-Access roads; construct barriers to prevent access; apply composted manure; rip & broadcast seed.

-Escalation factors through 2004 are actual Means Historical Cost Indices

-Total disturbed area =

12.15 ACRES

CALCULATIONS $F = P(1 + i)^{**n}$	YR	ESCAL FACTOR	BOND AMOUNT
	1995	0.0193	\$0.00
F = Future Sum	1996	0.0242	\$0.00
P = Present Sum	1997	0.0236	\$0.00
i = Escalation Factor	1998	0.0502	\$0.00
n = number of periods	1999	0.0191	\$0.00
	2000	0.0244	\$27,829
Three Yr Average =1.20%	2001	0.0421	\$29,001
Used to Project 5 Yrs	2002	0.0171	\$29,497
From the Year 2005	2003	0.0084	\$29,744
	2004	0.0200	\$30,339
	2005	0.0120	\$30,703
	2006	0.0120	\$31,072
	2007	0.0120	\$31,445
	2008	0.0120	\$31,822
	2009	0.0120	\$32,204
	2010	0.0120	\$32,590
	2011	0.0120	\$32,981
Updated Surety Amount Rounded (2011-\$)			\$33,000

** Average cost per acre = 2715 (\$/ACRE)